MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2017/2018

PAL0022 – BASIC ACCOUNTING FOR LAWYERS

(Foundation in Law)

2 MARCH 2018
9.00 a.m – 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FOUR** pages with **THREE** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

STRUCTURED [100 MARKS]

Instructions: Answer **ALL** questions. Write your answers in the Answer Booklet.

QUESTION 1

UniqYou Limited depreciates its machinery at the rate of 20% per annum, using straight line method, for each month of ownership. The company bought two machineries for RM20,000 and RM12,000 by cheque on 1 January 2016 and 1 January 2017 respectively. The company sold the machinery which had been bought on 1 January 2016 for the sum of RM13,000 by cheque on 31 December 2017. The financial year end of the company being 31 December.

REQUIRED

Prepare the following accounts for 2016 and 2017:

a) Machinery account (5 marks)
b) Accumulated provision for depreciation of machinery account (5 marks)
c) Disposal of machinery account (5 marks)

(Total 15 marks)

QUESTION 2

Part A

For the following item, indicate whether the cost is manufacturing cost or non-manufacturing cost.

a) Depreciation of factory machinery
b) Hourly labor traced to the product.
c) Direct materials that become a part of the finished product.
d) Hourly factory labor not traced to the product.
e) Salaries of factory supervisors.
f) Taxes on factory building.
g) Indirect materials that do not become a part of the finished product.
h) Commissions on sales
i) Repairs for office equipment.
j) Delivery expense

(10 marks)

Continued...

Part B

The following trial balance of the Queen Chess Club was extracted from the books as at 31 December 2017:

	Debit (RM)	Credit (RM)
Chess hall	20,000	
Equipment	1,000	
Profit from chess competition		3000
Loss on disposal of equipment	300	
Subscription received		15,000
Rental received		300
Chess coach allowance	12,000	
General expenses	1,000	
Cash at bank	2,000	
Accumulated fund at 1 January 2017		18,000
	36,300	**36,300**

Notes:

1) Subscription owing by members at 31 December 2016 RM500; at 31 December 2017 RM700.
2) The amount to be charged for depreciation of equipment for the year is RM200. This is an addition to the loss on equipment sold during the year.
3) Prepaid general expenses is RM300.

REQUIRED

a) Prepare the subscription account. (5 marks)

b) Prepare the income and expenditure account for the year ending 31 December 2017. (10 marks)

Part C

Ahmad and Bala are business partners with equal profit sharing. On 1 January 2018, Ahmad retired and Chong was admitted as a partner with a capital contribution of RM17,000 in cash. Future profits are to be shared. Bala 3/5 and Chong 2/5. Upon retirement, Ahmad will receive cash settlement from the partnership. The balances extracted from the partnership book at 31 December 2017 were as follows:

	RM		RM
Plant	13,500	Capital – Ahmad	17,000
Fixtures	10,500	Capital - Bala	17,500
Inventory	13,800		
Trade receivables	9,450		
Cash	3,900		
Trade payables	3,750		

It was decided that inventory is to be valued at RM10,650 and fixtures are to be valued at RM13,050

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REQUIRED

Prepare the following:

a) Fixtures account (2 marks)
b) Inventory account (2 marks)
c) Revaluation account. (3 marks)
d) Capital account in columnar form. (8 marks)

Part D

Glam Limited is registered with an authorised capital of RM300,000 ordinary shares of RM1 each. The following trial balance was extracted from the books of Glam Limited as at 30 April 2017, after the preparation of the trading account.

	Debit (RM)	Credit (RM)
Ordinary share capital, fully paid		200,000
Land and buildings at cost	170,000	
Account receivable	37,300	
Equipment at cost	80,000	
Prepayments	3,800	
Account payables		25,000
Inventory at 30 April 2017	42,000	
Cash at bank	13,000	
Trading account: gross profit		98,050
Office salaries and expenses	25,000	
Accumulated provision for depreciation on equipment		32,000
10% Loan note		20,000
Advertising and selling expenses	5,000	
Bad debts	250	
Rental received		1000
Provision for doubtful debts		600
Profit and loss account		11,000
Directors' fees	11,300	
	387,650	387,650

Notes:

1) Provision for doubtful debts is to be adjusted to RM500.
2) Depreciation is to be provided in respect of equipment at 10% per annum on cost.
3) The loan note interest is accrued.
4) Accrued advertising and selling expenses amounting to RM500
5) Rental earned but not yet received amounting to RM400
6) Prepaid directors' fees amounting to RM1,300.

REQUIRED

Prepare Profit or Loss Statement for the Year Ending 30 April 2017 for Glam Limited. (15 marks)

(Total 55 marks)

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QUESTION 3

Part A

Indicate each of the following items as either a cash inflow (I) or outflow (O), and in which section (operating activities, investing activities or financing activities) of the statement of cash flows it would be reported.

Item	Inflow or Outflow	Section of the Cash Flow Statement
Example: increase in accounts receivable	O	Operating
1. Cash paid for supplies		
2. Repayment of a loan		
3. Cash purchase of office equipment		
4. Issuance of ordinary shares		
5. Payment of dividends		
6. Payment of tax		
7. Receipts from sales of non-current assets		
8. Dividend from associates		
9. Interest received		
10. Decrease in account payables		

(15 marks)

Part B

The following information was extracted from ZGen Limited.

Sales	RM 350,000
Gross profit	206,500
Net income	115,000
Interest expense	2,875
Current asset	250,000
Current liability	200,000
Average total assets	875,000
Average total shareholders' fund	500,000

REQUIRED

Based on the above information, calculate:

a) return on assets ratio (3 marks)
b) return on shareholder's fund (3 marks)
c) gross profit as percentage of sales (3 marks)
d) net profit as percentage of sales (3 marks)
e) current ratio (3 marks)

(Total 30 marks)

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